

**BEFORE THE
POSTAL REGULATORY COMMISSION**

Inquiry Concerning City Carrier Costs : **Docket No. PI2017-1**

**SECOND MOTION OF UNITED PARCEL SERVICE, INC.
FOR ISSUANCE OF INFORMATION REQUEST TO
THE UNITED STATES POSTAL SERVICE**

(August 25, 2017)

United Parcel Service, Inc. ("UPS") respectfully requests that the Presiding Officer issue an Information Request to the Postal Service to obtain answers to the appended questions.

In Docket No. RM2015-7, the Postal Service submitted Proposal 13, a costing model for city carrier street time. UPS filed initial and reply comments, which proposed an alternative approach to cost attribution that would evaluate all Postal products in a single model, relying upon operational data collected in the ordinary course of business. In Order No. 2792, the Commission stated that "the UPS approach holds the potential to remedy many of the measurement problems that arise from the use of separate models for parcel delivery." See Dkt. No. RM2015-7, Order No. 2792 at 65 (Oct. 29, 2015).

The first set of questions proposed by UPS (Questions 1-5) seek clarification of responses provided by the Postal Service in its responses to previous Chairman's

Information Requests in this docket, particularly as they relate to special purpose routes (SPR).

The second set of questions proposed by UPS (Questions 6-9) seek to better understand both the data sources used in the analysis presented in the research report filed by the Postal Service on August 18th, and certain operational factors that are relevant to the estimation of a top-down model of city carrier street time. UPS believes that answers to these questions will enable UPS and other interested commenters to provide insightful and meaningful comments to the Commission.

As the Commission has observed, the Postal Accountability and Enhancement Act “relies on public transparency . . . to achieve its goal of Postal Service accountability.” Second Notice of Proposed Rulemaking to Establish Procedure for According Appropriate Confidentiality, Order No. 194, Dkt. No. RM2008-1 (March 20, 2009) at 2. Answers to these questions would support the important goal of facilitating potential improvements in the Postal Service’s measurement of attributable costs.

Respectfully submitted,

UNITED PARCEL SERVICE, INC.,

By: /s/ Steig D. Olson
Steig D. Olson
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Ave., 22nd Floor
New York, NY 10010
(212) 849-7152
steigolson@quinnemanuel.com

Attorney for UPS

PROPOSED QUESTIONS:

1. In its response to Question 6 of Chairman's Information Request No. 2, the Postal Service provided information suggesting that the number of LDC 23 hours is lowest in the first quarter of 2016 compared to other quarters.¹ Please explain how the number of LDC 23 hours is lowest during first quarter of 2016, when other information suggests parcel-only route costs are at their highest during the first quarter.²
2. The Postal Service has made many statements indicating that SPRs are scheduled locally on an as needed basis. How far in advance of the actual SPR runs are these decisions typically made?
3. How long is the typical time interval between when a CCCS-SPR sample is drawn, and when the first data point from that sample is taken?
4. How long is the typical time interval between when a CCCS-SPR sample is drawn, and when the last data point from that sample is taken?
5. Please explain how the CCCS-SPR sample frame is determined, given the existence of inconsistent route designations and day-specific routes.
6. Describe how mail collected from customer receptacles is handled, and how and where it enters the mail stream.
7. Please confirm that DOIS is the source of the street hours data used as the dependent variable in the top-down regressions presented in the Postal Service's August 18, 2017 report.³
 - a. If not confirmed, please indicate the source of the street hours data.
 - b. Please indicate whether the DOIS operational dataset also contains data on street hours by city carriers on special purpose routes.
8. Please refer to the following four types of mail as the terms are used in the Postal Service's August 18, 2017 report: Delivery Point Sequenced

¹ Responses of the United States Postal Service to Questions 1-10 of the Chairman's Information Request No. 2, Dkt. No. PI2017-1 (Jul. 25, 2017), at 18 (Response to Question 6).

² See, e.g., Responses of the United States Postal Service to Questions 1-15 of Chairman's Information Request No. 13, Dkt. No. ACR2016 (Feb. 10, 2017), at 25-26 (Response to Question 6(c)).

³ Report on Research Into the Ability of a Top-Down Model To Accurately Estimate City Carrier Street Time Variabilities, Dkt. No. PI2017-1 (Aug. 18, 2017).

("DPS") letters, Cased Mail ("CM"), Sequenced Mail ("SEQ"), and flat sequencing system ("FSS") flats.

- a. Please describe in general terms the shape composition (i.e., letters, flats or parcels) of each of these mail streams.
 - b. Please describe how each of these mail streams is handled during delivery by a typical city carrier. Please indicate in your response how each type of mail differs from the three other types referenced in this question.
 - c. Please indicate, from an operational standpoint, reasons why the marginal time associated with these four types of mail would be expected to differ.
9. Please refer to Postal Service's responses to the Chairman's Information Request No. 1 in this docket. There, the Postal Service states that "It is important, therefore, to ensure that only those parcels and accountables associated with city carrier letter route street time were included in the data set," further explaining that this is the reason the Postal Service attempted to match street hours and PTR volumes at the route level. In the same paragraph, the Postal Service states that ultimately, "PTR parcel and accountable data were collected at the ZIP Code level, so they could be matched with DOIS data at the ZIP Code level."⁴
- a. Please explain whether the PTR parcel and accountable data that are included in the dataset used in the top-down regressions include parcel and accountable volume data for parcels that were delivered on special purpose routes.
 - b. Please explain whether the hours data included in the dataset that formed the dependent variable included street hours for regular delivery routes only, street hours for regular delivery routes plus special purpose routes, or for other some other set of routes.

⁴ Responses of the United States Postal Service to Questions 1-7 of the Chairman's Information Request No. 1, Dkt. No. PI2017-1 (Jun. 30, 2017), at 3-4 (Response to Question 1).